

Statement of Joseph M Peters to the Little Hoover Commission
November 20, 2003

Good morning, my name is Joe Peters. I am the Secretary and Treasurer of the California Farm Bureau Federation. Farm Bureau is an independent, non-governmental, voluntary organization whose purpose is to improve the ability of farmers and ranchers to produce food and fiber in the safest, most efficient and economical manner possible.

The Commission is faced with a daunting challenge in recommending changes that can and will be implemented. There have been many past studies and the resulting recommendations are currently gathering dust on the shelf. The Commission must limit its recommendations to those items, which will provide meaningful change and be politically acceptable.

A new Administration has just been handed the reigns of government. A special session of the Legislature has been called to address many of the problems currently facing California. An initiative will be on the March 2004 ballot dealing with the budget deficit and make changes in the way future Legislatures approve budgets. How does this impact the Commission's desire to provide suggestions to the Governor or the Legislature?

We concur that changes must to be made that will bring California back into fiscal control. Just as business cannot spend beyond their means, state and local governments should have the same constraints. California should establish a balanced budget requirement, which includes a reserve fund that will provide an umbrella in times of economic downturns.

We do not believe that elimination of the two-thirds requirement to pass a budget is good policy, regardless of the party in power. The two-thirds requirement is intended that all ideas receive consideration. Given the current legislative make-up, taxes would be raised to eliminate the deficit. Businesses are an easy target for tax increases, but who really pays the taxes, obviously the ultimate consumer of the product or service.

Successful businesses develop long range strategic plans, which include contingencies for business downturns, why has California not done the same?

Simply increasing taxes is not the answer. The Legislature must begin dealing with the reality that we cannot fund all projects. Part of the solution to the current budget problems will be resolved by an improving California economy. Let us not slow down that recovery or chase more business out of the state by excessive taxing. Elimination of excessive regulation will also stimulate California's economy and in turn, produce increased tax revenue.

Before resorting to increased taxation, all levels of government must eliminate duplication of effort and promote operational efficiencies. All government agencies and activities must be reviewed and those activities eliminated if the costs exceed the benefit or their mission is outdated. Are our tax dollars ending up where they are intended, or are unnecessary layers of bureaucracy diluting them?

Some believe that the initiative process is becoming overused and often results in laws that have added to the budget dilemma. I believe that the process still has merit, but probably needs reform. Special interests are able to qualify almost any issue if they can raise the money to pay for signature gathering. The public is often uninformed about the real impact of the proposals.

There is a disconnect between the politicians and their constituents. I believe that legislator term limits have not improved the legislative process or made the elected officials more responsive to their constituents needs. Rather term limits have resulted in removal of the institutional knowledge often necessary to make good decisions.

Thank you for allowing me to provide my thoughts regarding this most important issue. I hope that the Governor and Legislature will embrace the need for change and this Commission can be a facilitator in the process.